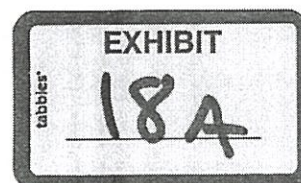


SEC30



## Board Call

May 23, 2017  
Confidential



## Call in Details

- Join 9954894043054 at kik.vidyocloud.com using any of the following options:
- To join from your desktop or mobile device, please click here <https://kik.vidyocloud.com/join/hx7GnWoGPs>
- To join from a telephone using VidyoVoice, dial the following number: (800) 208-0751x9954894043054

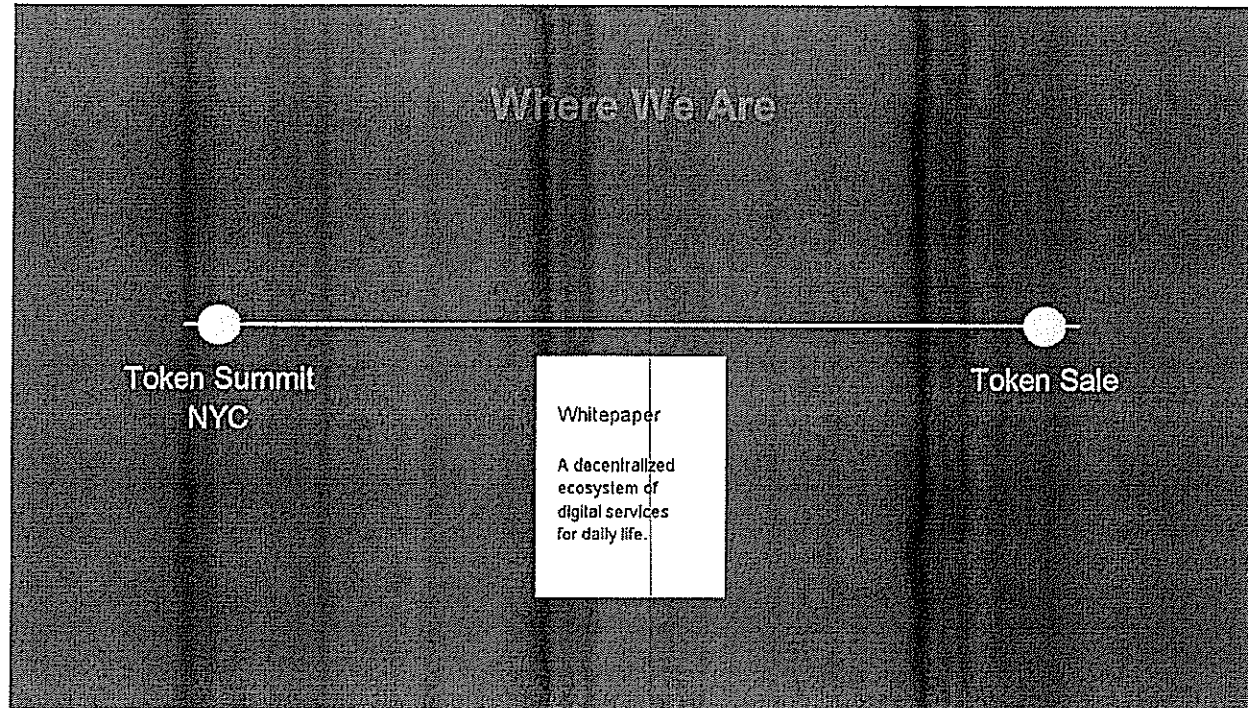
## **Agenda**

1. Kin Presentation
2. Approvals Requested
3. Roadmap – Security to Currency
4. Advisory Agreements
5. Allocation
6. Sales Process Structure
7. Finance Committee
8. Foundation

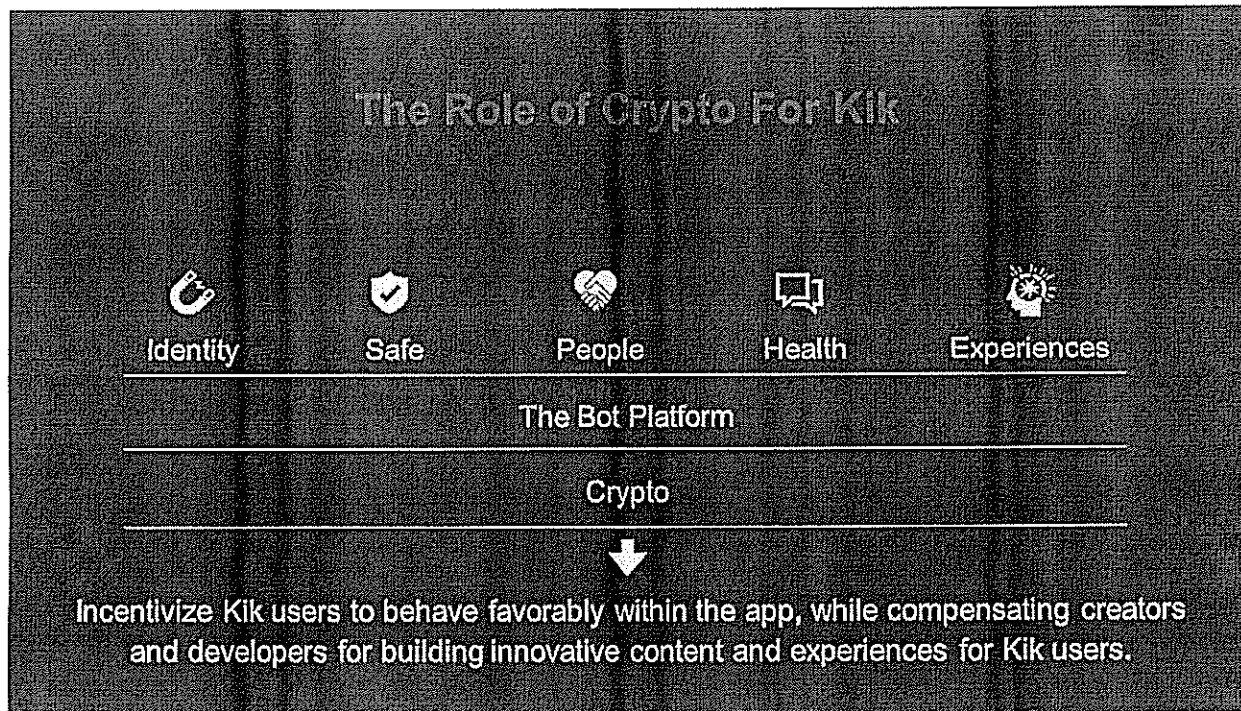


- Thanks Eran and team!
- We have made some really great progress against the product process and missions.



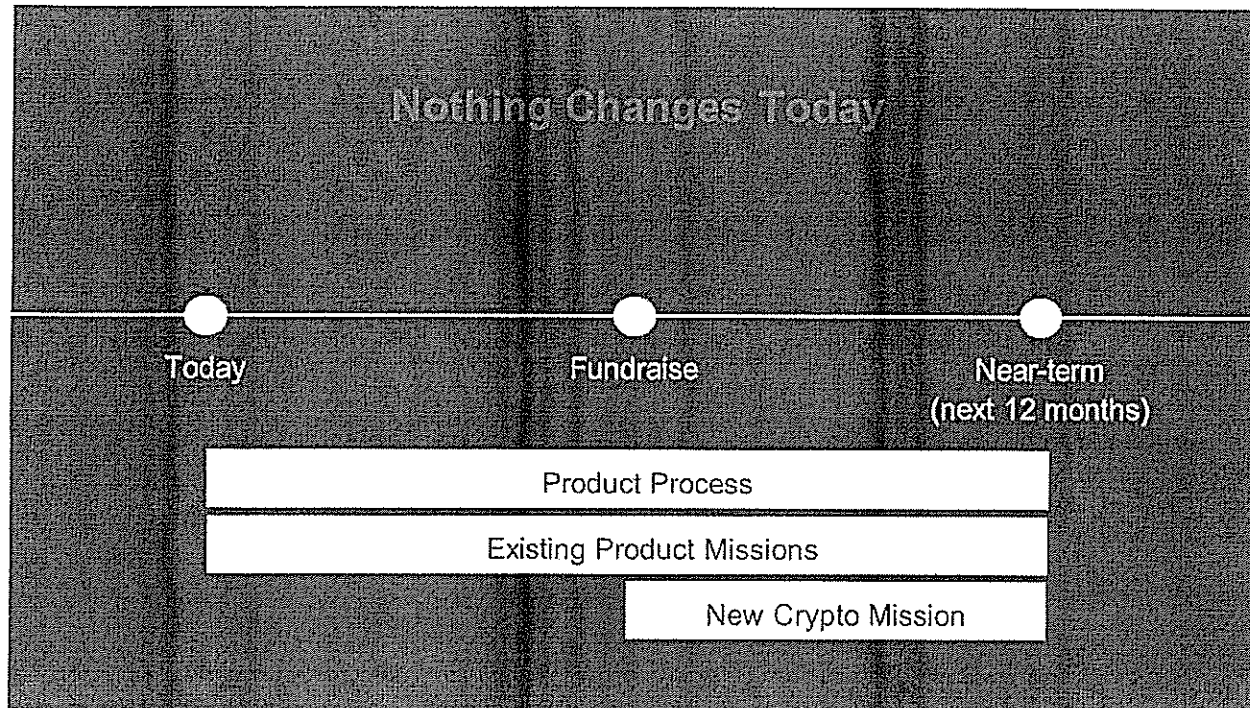


- We are 1 week away from announcing our intention to fundraise.
- I'm doing a fireside chat at Token Summit in NYC, and then we're going to move pretty quickly into a roadshow followed by the actual token sale (likely in Jul).
- Next Thursday, after we announce, we will be propping up a landing page which will house the main marketing document for our fundraise, the whitepaper.
- Today, I wanted to share with you story outlined in the whitepaper.



- But before we go into the story, I want to remind everyone about the role of crypto for Kik.
- Crypto is a horizontal layer that will live across our product missions and ultimately work to strengthen our community chat.
- It works to incentivize our user to behave favorably within the app, while compensating creators and developers for building innovative content and experiences for Kik users.



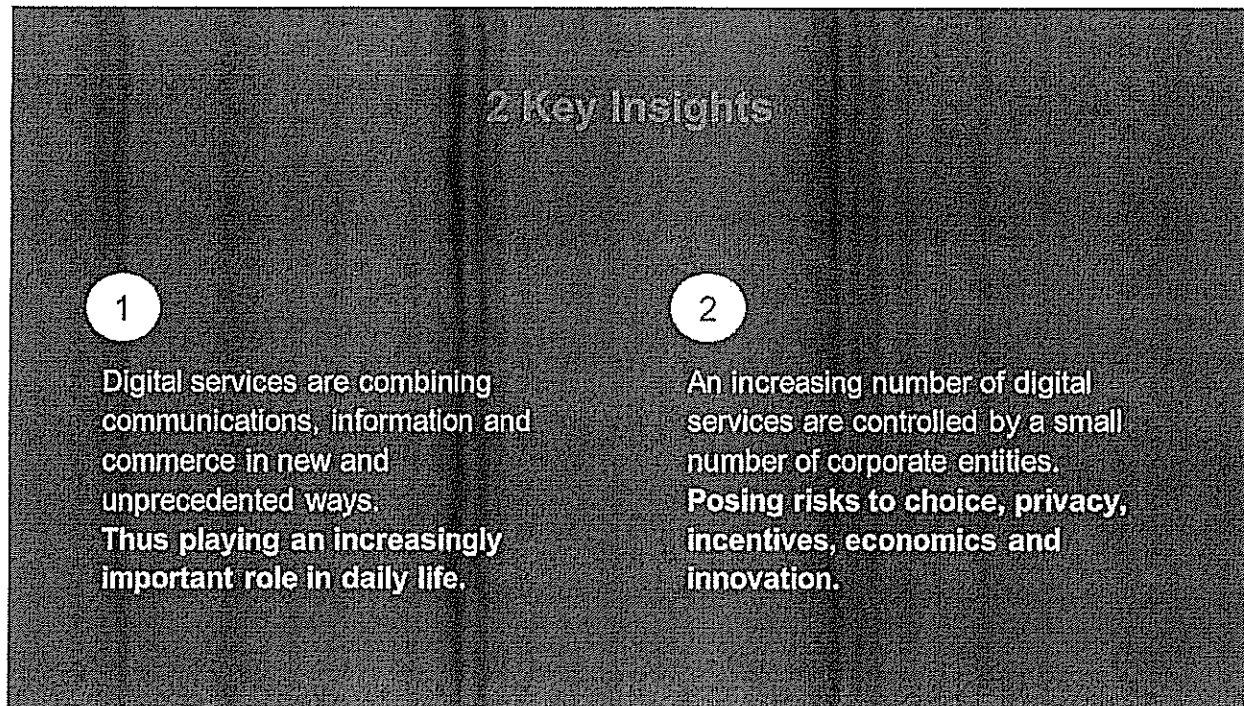


- The vision outlined in the whitepaper is big and lofty and represents a huge long-term opportunity for both Kik and the digital ecosystem in general.
- I'm excited by this vision, but as i take you through the story, you will see that this long-term opportunity really starts with Kik.
- A robust chat community and economy are essential to realizing the long-term opportunity outlined in the whitepaper.
- So in the near-term (next 12 months), nothing really changes. We continue to:
  - Perfect our product process
  - Have a strong focus on executing against our core product missions
- After the fundraise this summer, we will add a new squad that will be focused on integrating crypto across our product missions.



# Whitepaper Story

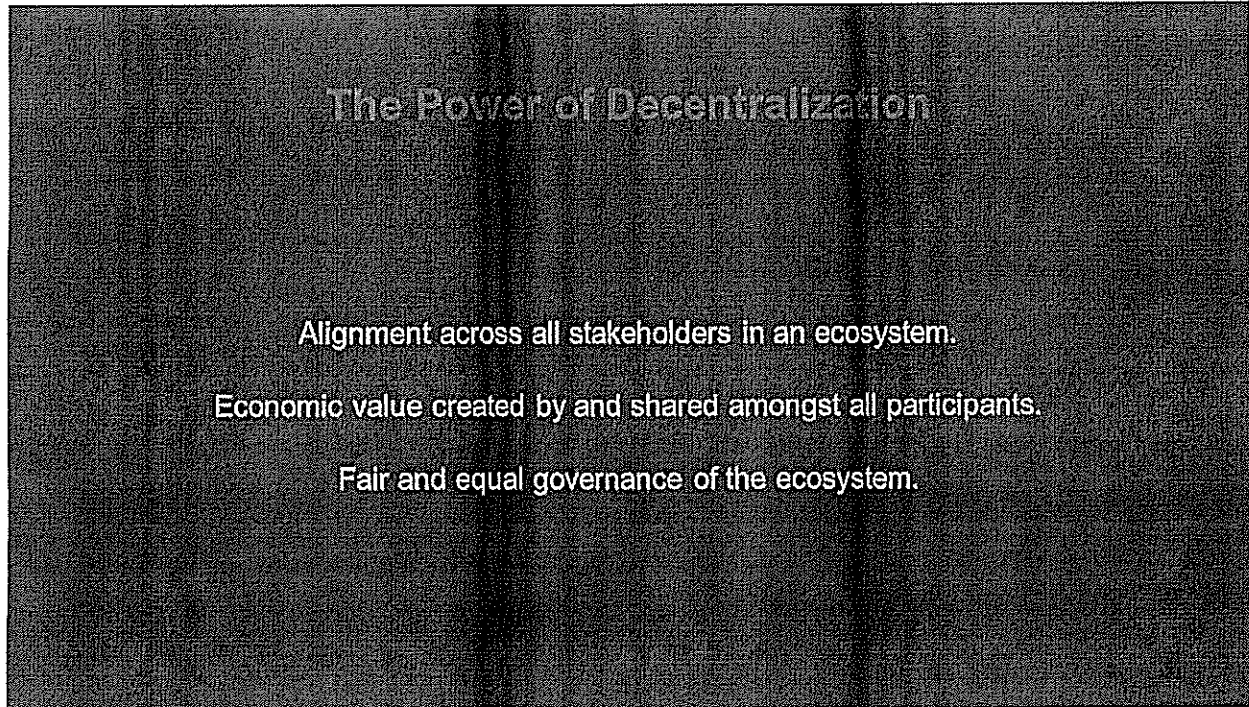
So with that said, let's talk about the story we are taking to market for our fundraiser this summer.



2 insights driving this project.

- Digital services are playing an increasingly important role in daily life.
- But an increasing number of digital services are controlled by a small number of corporate entities. And this poses risks to choice, privacy, incentives, economics and innovation.
- This is a big problem for the digital ecosystem.

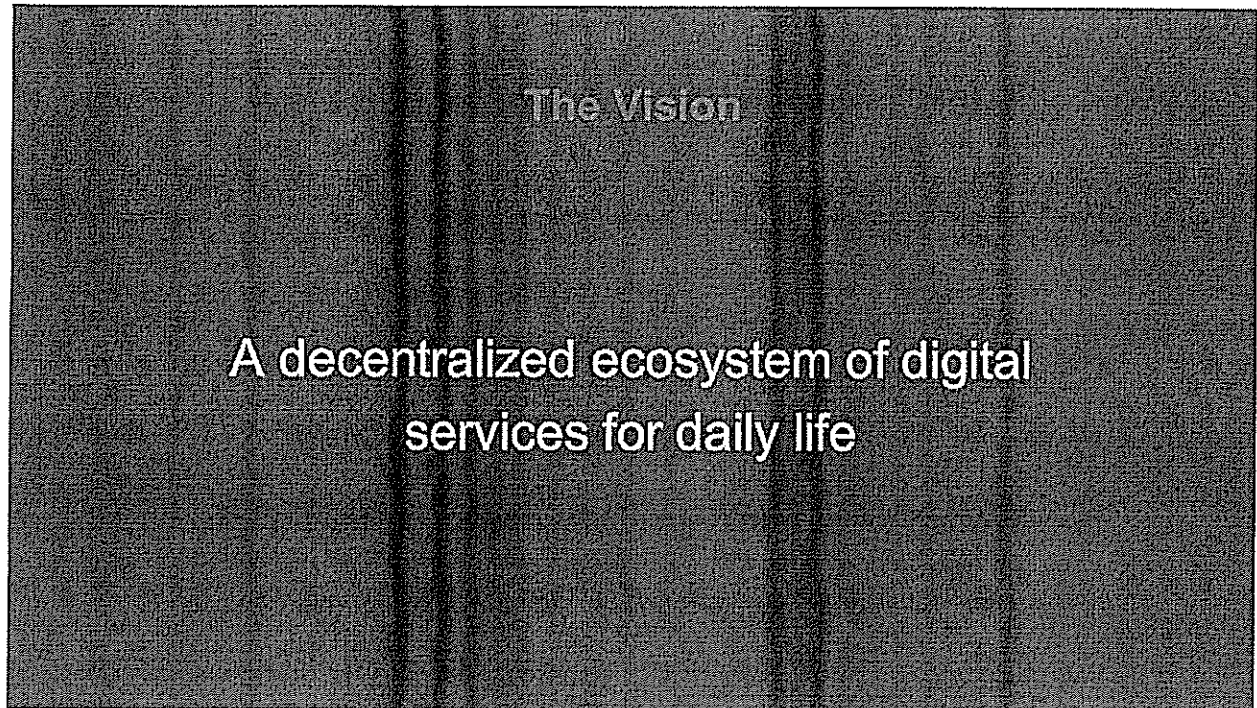




The blockchain and models of decentralization present a way to address this market challenge.

Cryptocurrencies enable:

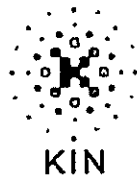
- Alignment across all stakeholders in an ecosystem.
- Economic value to be created by and shared among all participants.
- Fair and equal governance of an ecosystem.



- The vision for this project is to create a new cryptocurrency that will serve as a basis for a decentralized ecosystem of digital services.
- I'm going to take you through 4 steps to realizing this vision.



## Step 1: Create A New Cryptocurrency



Originating from the word Kinship, and conveying a feeling of being connected to community, the Kin identity and currency is designed specifically to bring people together in this new shared economy.

- The first step is to create a new cryptocurrency, Kin.
- Originating from the word Kinship, and conveying a feeling of being connected to community, the Kin identity and currency is designed specifically to bring people together in this new shared economy.
- Kin will be created as an ERC20 token on the Ethereum blockchain, and it will serve as the basis of the entire Kin Ecosystem.

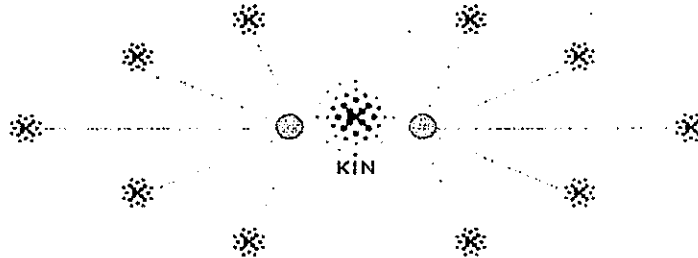
Kin = family (“you’re my kin”)

Kinship = the relationship between family (“we’re bonded by kinship”)



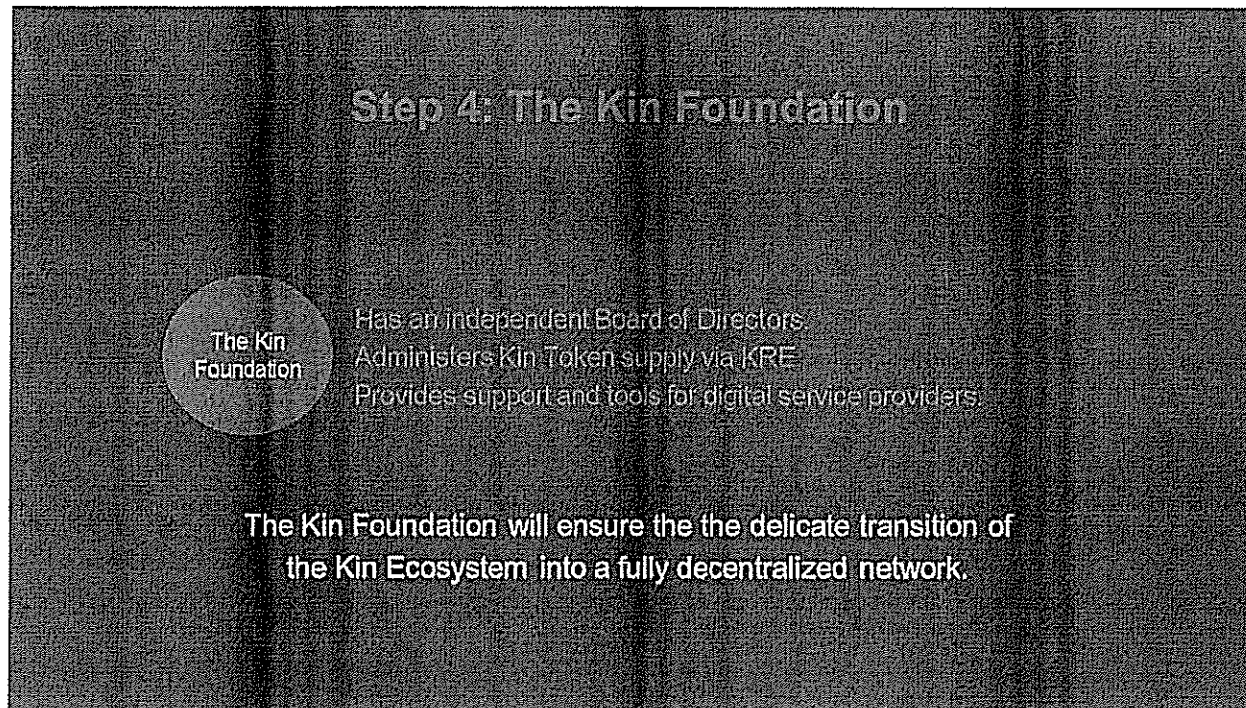
- The second step is to give Kin value. This will be accomplished by integrating Kin into Kik.
- Millions of people use Kik each month, which means we can drive mainstream consumer application and adoption of the Kin cryptocurrency.
- Increased usage means increased demand which means increased value.

### Step 3: The Kin Rewards Engine



KRE creates a natural incentive for digital services to 1) join the Kin ecosystem and 2) facilitate a growing economy inside of their respective communities.

- The third step is becoming one participant in a broader ecosystem
- The Kin Rewards Engine creates a natural incentive for digital services to 1) join the Kin ecosystem and 2) facilitate a growing economy inside of their respective communities.
- On a high level, here's how this will work:
  - 60% of the total supply of Kin will be allocated to the operation of the Kin Rewards Engine.
  - Periodically, the KRE will unlock and distribute a specific amount of Kin to be shared among all of the digital services that make up the Kin Ecosystem.
  - The amount of reward received by each digital service will be calculated by considering the volume of Kin transactions originating from that digital service.



- The fourth step is creating the Kin Foundation to oversee the fair and productive growth of the Kin Ecosystem.
- The Kin Foundation will have an independent board of directors, and will responsible for administering the Kin cryptocurrency supply via the Kin Rewards Engine and for providing support and tools for digital service providers in the Kin Ecosystem.
- Ultimately, the Kin Foundation will ensure the the delicate transition of the Kin Ecosystem into a fully decentralized network.



## What This Means for Kik

	Kik	Near-term vs. Long-term
1	<b>Create Kin</b> Raise money (better terms). Create crypto squad.	First, a currency to use inside of Kik; Later a currency to serve as the basis for the broader ecosystem.
2	<b>Give Kin Value</b> Integrate crypto as a layer across our product missions.	First inside of Kik and then later across communities in the broader ecosystem: • Mainstream application and usage of Kin • Identity management to facilitate transactions • A wallet to transact
3	<b>The Kin Reward Engine</b> Kik is one participant in a new and growing ecosystem.	A rewards engine to grow the ecosystem.
4	<b>The Kin Foundation</b> Kik is one participant in a fully decentralized ecosystem.	A foundation to govern the ecosystem.

So let's summarize what this means for Kik:

- Step 1 (create kin) is about raising money with better terms. We'll take some of this money and create a new crypto squad. [next 3 months]
- Step 2 (give kin value) is about integrating crypto as a layer across our product missions. [next 12 months]
- Step 3 (kre) is a longer-term step. At this phase, Kik becomes one participant in a new and growing ecosystem.
- And then in Step 4 (kf), Kik is one participant in a fully decentralized ecosystem.

## What This Means for Kik

**By building a thriving community inside of Kik,  
we have the opportunity to shape a new  
economy for everyone.**

As we mentioned at the beginning of this presentation, crypto is not a departure from what we are trying to achieve.

- Nothing changes, but if we can successfully achieve our goal of building a thriving community inside of Kik, then we have the opportunity to shape a new economy for everyone.

## **Approvals**

1. Kin Roadmap
  - Allocation schedule
  - Announcement at Token Summit
2. Kin Whitepaper
  - Distribution of the whitepaper post announcement
3. Kin Whitepaper Advisors
  - Contracting with crypto advisors to provide commentary on the whitepaper

## Presale Timeline

June 1	Mid-June	End of June	Mid-July
<b>Target Raise Amount (Cumulative)</b>			
\$5mm	\$20mm	\$40mm	\$50mm
<b>Target Markets</b>			
- Conference Attendees - First Degree Connections	- US - East Coast - Canada	- US - West Coast - Asia	- EU
<b>Key Actions</b>			
- Qualify prospective buyers - Advisor warm intros	- NY & Toronto Roadshow - Media Dinners	- TechCrunch: Shenzhen - China & Japan Roadshow - SF Roadshow	- London: Cryptofinancing - EU Roadshow
<b>Materials</b>			
- Executive Summary - Term Sheet	- Management Presentation - SAFT	- Management Presentation - SAFT	- Management Presentation - SAFT



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**Legal**

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## Proposed Product MVP

- A. Create a wallet inside Kik app - the wallet will be accessed via the settings menu, through an advanced settings submenu. By clicking that a webview will open up with a request to enter the private key. Only by entering the private key a user will be shown the wallet (including: balance, transaction history, send/receive functionality, Kin status)
- B. All Token users (who have a wallet) will be categorized into 1 of 3 statuses:
  - Bronze (1-1,000 Kin)
  - Silver (1,001-9,999 Kin)
  - Gold (Above 10,000 Kin)
- C. All Token users will be eligible to a premium sticker pack based on their status (Bronze, Silver, Gold). Each level will include the former sticker packs (for example, Gold status will allow user to hold all 3 bronze, silver and gold sticker packs)
- D. Token user can send any of premium stickers to any user on Kik. Anyone tapping on the premium sticker will be directed to the sticker shop and a message will say: This is a premium sticker.
- E. Non token users will only be able to receive premium stickers from a token user. They will not be able to add premium sticker packs to their app unless they become token users (and therefore become eligible by attaining one of the user statuses (Gold, Silver, Bronze)

## **Final Allocation in Whitepaper**

- Kik – 40 %
  - Includes:
    - TDE at 10 % of Tokens – no vesting
    - 30 % - vesting of 10 % per quarter for 10 quarter
- Kin Foundation – 60 %
  - Includes following allocation:
    - 5 % for operations
    - 40 % for Rewards – Network Operators (per formula)
    - 15 % for Users –(per formula)
    - Vests 20 % per year on a declining basis
    - Allocation of amounts still under review



## **Advisory Agreements**

### **CoinFund**

- Cash only
- Flat Fee of \$ 1.5 m
- Over and under at Board Discretion

### **CoinTree**

- 2 % of total funds received on initial token event
- No coins
- Stated that they would like to purchase \$ 3 M coin on pre-sale – no formal commitment

## **Sales Process**

Total Raise Target: \$ 100 M

- Pre-Sale – Up to \$50 M
  - SAFT
  - Accredited Investors
  - Minimum investment \$ 500,000 USD
- Token Distribution Event - \$ 50 to \$ 75 M
  - Limited KYC under \$ 2,000
  - KYC over \$ 2,000
  - List potential participants accumulated up to TDE
  - TDE target date with 2 months

## Token Sale Structure (Soft Cap)

<b>Token Supply</b>	10T Tokens
<b>Float Offered</b>	10%
<b>\$ Tranches Based Pricing Discounts</b>	35%; \$0-25M SAFT 25%; \$25-50M SAFT 2 20%; \$50-75M (first public tranche) 10%; \$75-100M (last chance for discounts) 0%; \$100-125M (post soft cap)
<b>Soft Cap</b>	\$100M (followed by a 24 hour countdown once reached)
<b>Sale Time</b>	30 days maximum
<b>Minimum</b>	TBD
<b>Distribution</b>	Fixed 10% sold; Token Allocation calculated at end of sale based on proceeds raised and distributed per the example
<b>Vesting</b>	Time and Performance based for Founder and Foundation tokens only

## **Considerations: Size & Discounts**

**Total Raise Target: \$125MM (Hard Cap)**

- **Pre-sale: \$50MM**
- **Public sale: \$ 50 to 75MM (\$125MM less pre-sale)**

### **Key Considerations**

- It's desirable for a majority percentage of supply to remain available for the public sale
- The presale size affects the adoption of the cryptocurrency
  - Sale participants often become users
  - Public sale distribution (# of participants) is an important decentralization metric



## Appendices

## Sales Structure – Example Calculations

[illegible]

## Considerations: Vesting

Not requiring vesting of tokens sold in presale may be beneficial

- The tradeoff for Kik between vesting and discount should favor minimizing the discount to avoid a thin active supply
- The purpose of the token is to participate in the economy; vesting reduces tokens in circulation
  - Result: high volatility driven by a supply squeeze
- Presale participants are longer term investors by nature, so the trade-off from adding vesting in return for a larger discount (which would result in an even smaller public float) may not be required
- Allows for more natural price formation and mitigates restricting large portions of the supply under similar vesting schedules

## Appendix: FX Issues

- Crypto investors have their investments "dollar denominated" when they invest in a SAFT and it may decrease demand for early investment (months before public sale)
  - It's not generally a consideration of sophisticated investors but we're currently in a bullish cycle and investors are analyzing opportunity costs
  - The issue is mitigated if you were warehousing the crypto (in a smart contract) but investing early can be a disadvantage when you introduce exchange rates
  - We would like to flagging this because its distracting attention from projects; optically people do not like receiving less token per ETH from the presale than they would have if they waited

	Presale	Main Sale
Ether/USD	\$125	\$200
ETH Invested	1 000	1 000
\$ Investment	\$125 000	\$200 000
Discount	30%	20%
Tokens \$ Equivalent	\$178 571	\$250 000